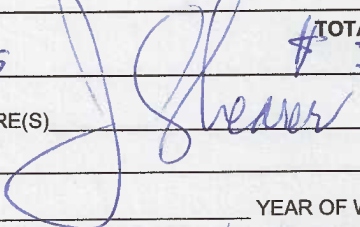


Ministry of Energy & Mines
Energy & Minerals Division
Geological Survey Branch

**ASSESSMENT REPORT
TITLE PAGE AND SUMMARY**

TITLE OF REPORT [type of survey(s)] <u>GEOLOGICAL AND PROSPECTING</u>		TOTAL COST <u>\$ 3,450</u>
AUTHOR(S) <u>J. T. SHEARER, M.Sc., P. Geo</u>	SIGNATURE(S) 	
NOTICE OF WORK PERMIT NUMBER(S)/DATE(S)	YEAR OF WORK <u>2011</u>	
STATEMENT OF WORK - CASH PAYMENT EVENT NUMBER(S)/DATE(S)	<u>EVENT # 4870126</u>	
PROPERTY NAME <u>JADE KING</u>		
CLAIM NAME(S) (on which work was done) <u>JADE KING</u>	<u>Tenure # 572442</u>	
COMMODITIES SOUGHT <u>JADE, Soapstone</u>		
MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN		
MINING DIVISION <u>NEW WESTMINSTER</u>	NTS <u>92H/6 (92H.044)</u>	
LATITUDE <u>49</u> ° <u>27</u> ' <u>00</u> "	LONGITUDE <u>121</u> ° <u>15</u> ' <u>41</u> "	(at centre of work)
OWNER(S)		
1) <u>HOMEGOLD RESOURCES LTD</u>	2)	
MAILING ADDRESS		
<u>UNIT 5 - 2330 TYNER ST.,</u> <u>PORT COQUITLAM, B.C. V3C 2Z1</u>		
OPERATOR(S) [who paid for the work]		
1) <u>SAME AS ABOVE</u>	2)	
MAILING ADDRESS		
<u>same as above</u>		
PROPERTY GEOLOGY KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude):		
<u>Small lenses of Jade and soapstone occur along the north trending West Hoza mean fault between Serpentine and ribbon chert.</u>		
REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS	<u>Assess Rpt 21545 (1991)</u> <u>Assess Rpt 18292 (1988)</u>	

TYPE OF WORK IN THIS REPORT	EXTENT OF WORK (IN METRIC UNITS)	ON WHICH CLAIMS	PROJECT COSTS APPORTIONED (incl. support)
GEOLOGICAL (scale, area)			
Ground, mapping _____		572442	450
Photo interpretation _____			
GEOPHYSICAL (line-kilometres)			
Ground			
Magnetic _____			
Electromagnetic _____			
Induced Polarization _____			
Radiometric _____			
Seismic _____			
Other _____			
Airborne _____			
GEOCHEMICAL			
(number of samples analysed for ...)			
Soil _____			
Silt _____			
Rock _____			
Other _____			
DRILLING			
(total metres; number of holes, size)			
Core _____			
Non-core _____			
RELATED TECHNICAL			
Sampling/assaying _____			
Petrographic _____			
Mineralographic _____			
Metallurgic _____			
PROSPECTING (scale, area) _____		572442	3000
PREPARATORY/PHYSICAL			
Line/grid (kilometres) _____			
Topographic/Photogrammetric (scale, area) _____			
Legal surveys (scale, area) _____			
Road, local access (kilometres)/trail _____			
Trench (metres) _____			
Underground dev. (metres) _____			
Other _____			
TOTAL COST			# 3450

**GEOLOGICAL AND PROSPECTING REPORT
ON THE
JADE KING PROJECT**

**Tenure # 572442
Coquihalla Area, British Columbia
Latitude 49°27'00" N / Longitude 121°15'41" W
N.T.S. 92H/6 (92H.044)
New Westminster Mining Division**

for

**HOMEGOLD RESOURCES LTD.
Unit 5 – 2330 Tyner Street,
Port Coquitlam, B.C.
V6C 2Z1**

**BC Geological Survey
Assessment Report
32730**

by

J.T. SHEARER, M.Sc., P.Geo. (BC & Ont.)

August 15, 2011

Fieldwork completed between June 5 and June 9, 2011

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SUMMARY

The current work program (as documented in this report) consists of prospecting traverses and geological observation in June, 2011.

Previously, extensive trenching and limited production from a bedrock jade occurrence in the Coquihalla Valley was completed between January 14 and June 11, 1991. Associated serpentinite, talc, soapstone and white rock alteration zones were also investigated and representative samples quarried. Significant amounts of Jade and other materials were cut and polished to demonstrate gem qualities. Presently, the 4 claims, totalling 135 units, are owned by J. T. Shearer and were acquired to cover zones of serpentine suitable for the manufacturing of decorative tiles or for the general dimension stone market. The Jade King nephrite deposit is included in the project area. The current 2011 program consisted of geological and prospecting traverses above the known deposit.

Previous owners have investigated the Serpentine Belt for lode-gold occurrences, nickel-cobalt mineralization, jade, talc and building slate. A general geological description of the property is contained in "Preliminary Geological Report on the Jade King Project" by J.T. Shearer, dated December 28, 1990, 24 pages in length.

The claims are underlain by an altered and variably sheared ultramafic complex consisting mainly of irregular masses of serpentinite and gabbro. The Hozameen Fault, which incorporates the Coquihalla serpentinite belt, separates two distinct crustal units. West of the fault is the Permian to Jurassic Hozameen Group which represents a dismembered ophiolite (or oceanic floor assemblage). East of the fault are Jurassic to Eocene sediments of the Methow-Pasayten trough. The trough is unconformably underlain by the Spider Peak Formation volcanics of Triassic age.

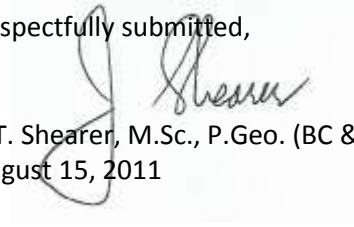
The serpentinite component has acted as the locus for intense shearing. Slickenside structures are abundant throughout the complex. The gabbro at an early stage was mainly in the form of dykes and sills. During emplacement of the ultramafic complex along the Hozameen Fault, the more brittle nature of the gabbro caused it to break up into mega-boudins.

Previously, production and trenching at the Jade Quarry progressed in several discrete stages.

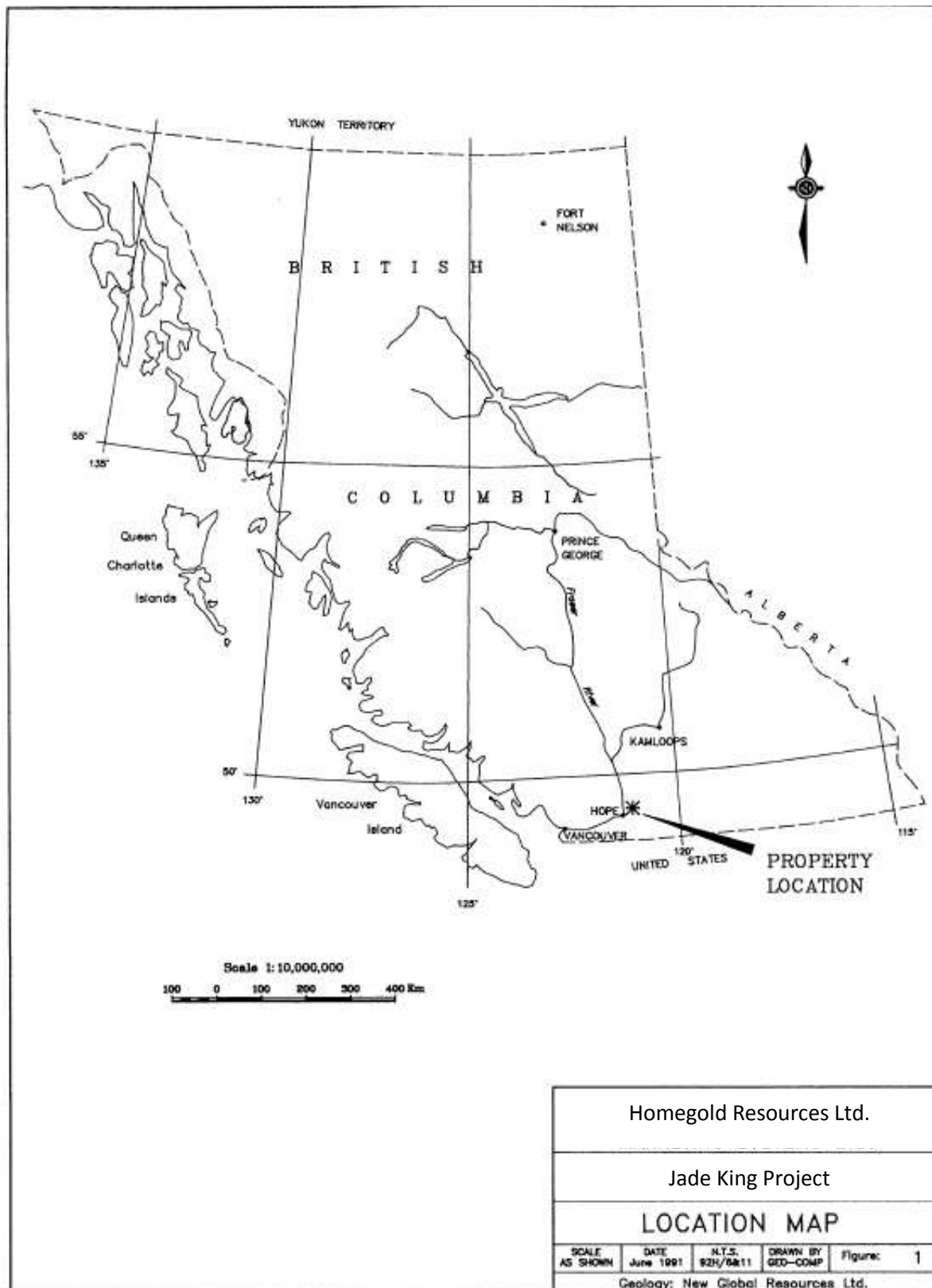
- (a) An initial Phase I trenching and sawing program to expose the jade seam and quantify volumes and associated material.
- (b) A Phase II program to further expose the jade resource and continue to cut and polish representative specimens.

The jade seam is entirely contained along the West Hozameen Fault at the contact between sheared serpentinite and altered ribbon chert. Jade occurs as a thin layer immediately west of a much wider soapstone zone. Occasionally the jade layer thickens to produce pods up to 3 feet thick. The jade is typically dark green in colour with a lively lighter green mottling. Fracture intensity appears to vary considerably. The soapstone is usually dark green and commonly variegated with interesting patterns. Preliminary estimates of easily available tonnage are presented. Large quantities of slickensided serpentinite and also more solid carveable serpentinite *are* available on the claims and adjacent areas.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. T. Shearer", is written over a light blue rectangular background.

J. T. Shearer, M.Sc., P.Geo. (BC & Ont.)
August 15, 2011



INTRODUCTION

This report documents, for assessment purposes, the work program completed between June 1 and June 9, 2011 on the Jade King Groups of claims.

A review of the project concepts, geological database and potential for defining suitable serpentine for the dimension stone market and availability of good quality nephrite is contained in a report entitled "Preliminary Geological Report on the Jade King Project" by J.T. Shearer, dated December 28, 1990, 24 pages in length.

Recent increases in the demand for dimension stone has been mainly in thin slab veneers and tiles used for flooring and decorative wall facings (Page, 1989). Developments in automated fabricating facilities have allowed stone slabs to be produced at prices competitive with many other building materials. Presently, all major British Columbia dimension stone projects are using imported materials.

Local skilled contractors in Hope and Chilliwack provide a ready source of heavy equipment such as loaders, hoes, bulldozers and trucks.

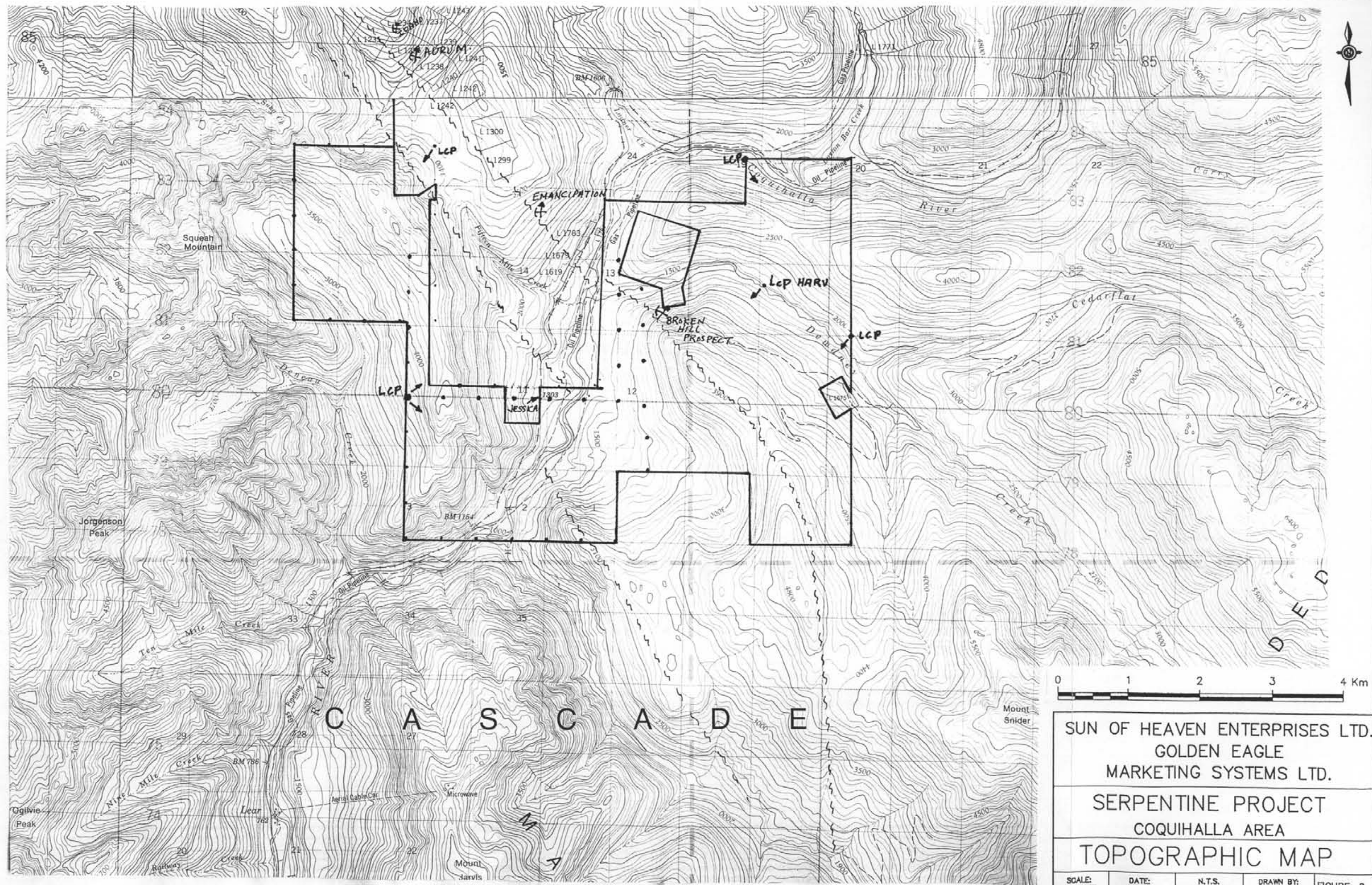
LOCATION and ACCESS

The Jade King property is located approximately 145 km east of the City of Vancouver in southwestern British Columbia, Canada. The claims are 18 km northeast of the town of Hope, B.C. on both sides of the Coquihalla River. Access to the Dewdney Creek Quarry is by the Coquihalla Highway between the Sowaqua and Carolin Mine exits. The quarry is located 1.5 km from the mouth of Dewdney Creek. The Jade Quarry is just past the Sowaqua on-ramp to the east.

The claims cover the largely overburden-covered valley floors and also the steep mountain slopes which rise to a plateau at about the 1,200 m level. Mature Western Red Cedar, Hemlock and Douglas Fir with minor underbrush dominate the area.

Periodic high water levels are often experienced in the Coquihalla River and local steep gradient tributary creeks. All flood damage is now quickly repaired since the opening of the Coquihalla Highway. Winter snow levels are known to attain up to 1 metre in depth along the main valley. Considerably deeper snow levels occur higher in elevation. The Jade Quarry is clear of snow by early April.

Since large scale quarry operations have existed in the past in several locations throughout the Project Area, no special environmental problems concerning fish habitat or acid leachate generation are anticipated.



SUN OF HEAVEN ENTERPRISES LTD.			
GOLDEN EAGLE			
MARKETING SYSTEMS LTD.			
SERPENTINE PROJECT			
COQUIHALLA AREA			
TOPOGRAPHIC MAP			
SCALE: AS NOTED	DATE: DEC '90	N.T.S. 92H/6&11	DRAWN BY: FIGURE: 2
ENG: New Global Resources Ltd.			

CLAIM STATUS

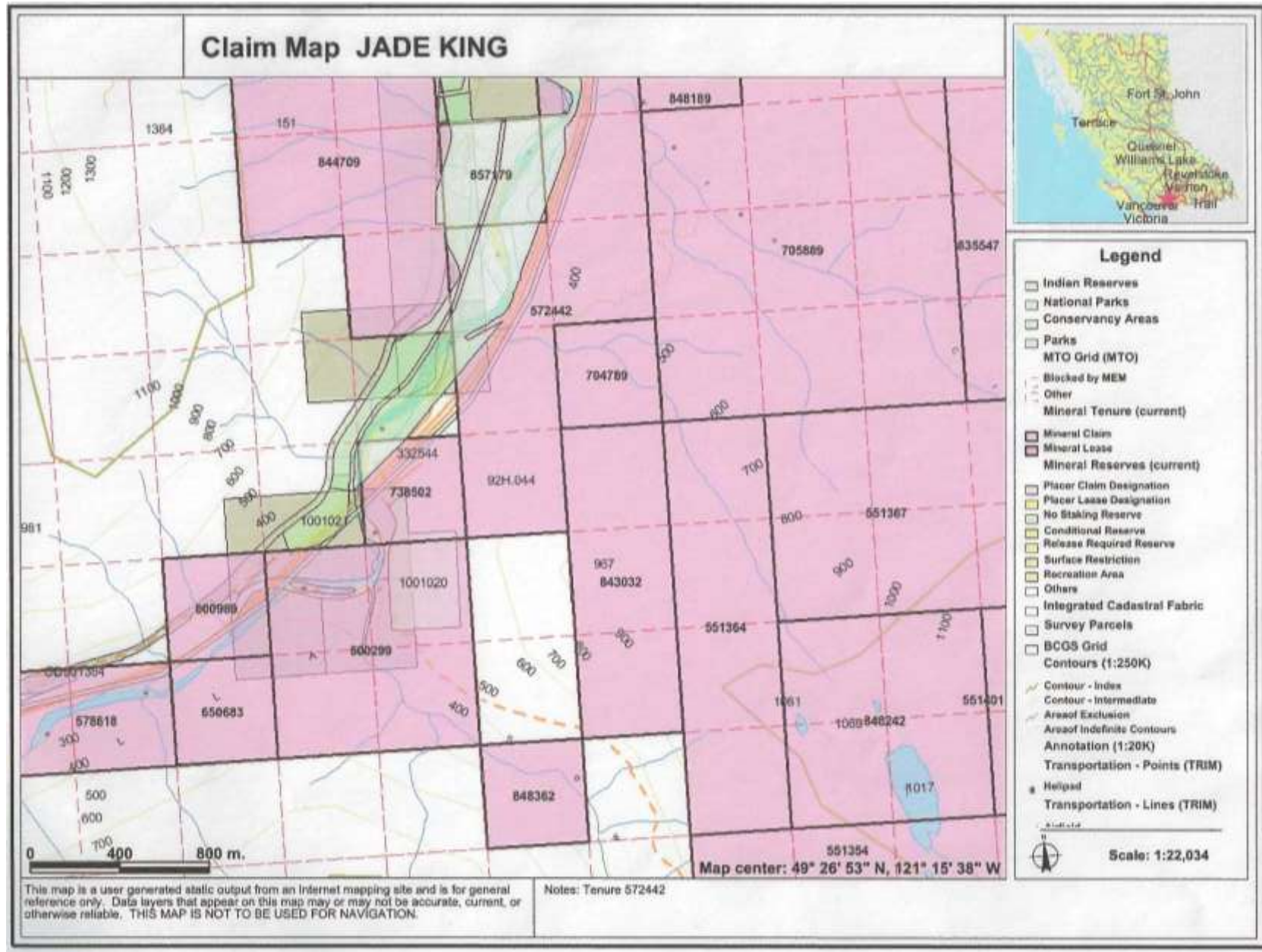
The Jade King project consists of 4 claims totalling 12 cells (Area of 252.01ha) as shown in Table 1 and illustrated on Figure 3.

LIST of CLAIMS

TABLE 1

Claim Name	Record Number	Cells	Size (ha)	Owner	Current Anniversary Date
Jade King	572442	7	146.99	J. T. Shearer	June 26, 2015*
JK West	704789	1	21.00	J. T. Shearer	November 25, 2011
JK West	738502	1	21.00	J. T. Shearer	September 15, 2011
Jade King 3	843032	3	63.02	J. T. Shearer	January 14, 2012
	Total	12 cells	252.01		

* with application of assessment work documented in this report



HISTORY

The Coquihalla valley has been an important transportation corridor since the fur trade in the mid-1800's. A minor amount of placer gold has been known in the Coquihalla River since the Fraser River Gold Rush of 1858.

A detailed account of the initial gold prospecting, Aurum discovery and then subsequent development of the Idaho Zone into the Carolin Mine can be found in Shearer (1982). The first significant gold claim was staked on September 8, 1913 by Mr. M. Merrick which became the high-grade Emancipation Mine, located 4,500 feet northwest of the Jade King Project quarry.

Historical notes concerning jade occurrences have been summarized in Shearer (1989A), as follows:

"Jade has long been found along the Coquihalla River from Jessica, (Jessica was a station house on the old Kettle Valley Railway), to the confluence with the Fraser River. The source of these boulders is "clearly from zones within the Coquihalla Serpentine Belt (Cairnes, 1930) which crosses the main river valley at Jessica. The serpentine belt also extends along the east side of the Fraser River for about 20 miles and could account for most of the jade boulders found along the river on various bars from Hope to North Bend.

Michael Fulbrook discovered jade in situ during an inspection of an old road quarry near Sowaqua Creek in the late 1970's. Each year he produced, by hand, a small quantity of jade. In 1981 he contracted Smith Excavating of Hope to expose more jade with a tracked backhoe. The author of this report was shown slabs of high quality jade by Mr. Fulbrook in 1981 and 1982 from his claim. At one point he produced a pick-up truck load of jade which was also shown to the author of this report. Other prospectors in the area have reported finding old rock saws on the hillside above the Jade King Claims.

Activity was high in the Jessica area of the Coquihalla Valley during the late 1920's and 1930's mainly for lode gold. On nearby Ladner Creek work centered around the Emancipation claims found in 1913 and the Idaho claim staked in 1915. A gold orebody on the Idaho claim was put into production by Carolin Mines Ltd. in 1981.

Exploration was pursued on the Idaho through the early 1920's, and in 1926 a silicified zone was found along the serpentine contact. This zone was exposed in a series of open cuts up the hill. During 1927, the open cut work was continued, and encouraging results were obtained from panning the soft, friable, oxidized material lying between a persistent body of quartz and a decomposed serpentine footwall. As this trenching was extended, astonishing values in free gold in a talcose shear zone were revealed.

This startling discovery changed the entire picture of the camp because it called attention to a rock type that had received very little attention in the past but was known to be widespread. Claims were staked rapidly over several miles along the strip of country in which serpentine was present. The serpentine belt became the 'mother lode of the district's gold' in the view of many newcomers who held ground north to Spider Peak. Considerable work was done by W.S. Bradley on claim along Fifteen Mile Creek immediately north of the Jade King Claim. An old adit found in 1988 above the rock quarry on the Jade King Claim probably dates from this time.

Underground development was started immediately on the Aurum Claim under the aegis of Dominion Ore Concentrating Company of New Westminster. Shortly after, Aurum Mines Limited was formed to handle operations. Spectacular small pockets of gold were encountered. A newspaper article in the STAR on October 22, 1930, describes some of the high grade:

'it is of interest to note that from the top of Stope of No. 1 to No. 5 raise, some 10 sacks of ore taken showed values over \$5,892 per ton'.

This was when gold was \$20.67 per ounce. Much of the lower grade material was represented by flaky serpentine with free gold. These small pockets did not sustain an economic operation, and Aurum Mines Limited lost its equity in the claims in 1934 through inability to keep up option payments."

At the Verona siding in 1932, on the old Kettle Valley Railway, the B.C. Soapstone Syndicate mined talc from which trial bricks were cut and tested in various coast pulp mills, with reported favourable results (Spence, 1940).

The area presently covered by the Serpentine Project claims was previously entirely owned by Border Resources Ltd. From 1968 to 1987, a number of work programs were completed by Border Resources Ltd. in regard to nickel/cobalt mineralization of the ultramafic complex (Chamberlain 1972, 1983). Metallurgical tests in 1968 and 1969 indicated that samples assaying 0.23% Ni produced a flotation concentrate of 1.53% Ni with an overall nickel recovery of 46%. The nickel is contained in needles 10 to 50 microns long of pentlandite (Chamberlain, 1983). Five diamond drill holes were completed in 1970 and several thinsections were examined (Chamberlain, 1971). A high resolution, low level airborne magnetometer survey was flown in 1971 which outlined the ultramafic body and produced evidence of cross-faulting near the Coquihalla River (Chamberlain, 1971).

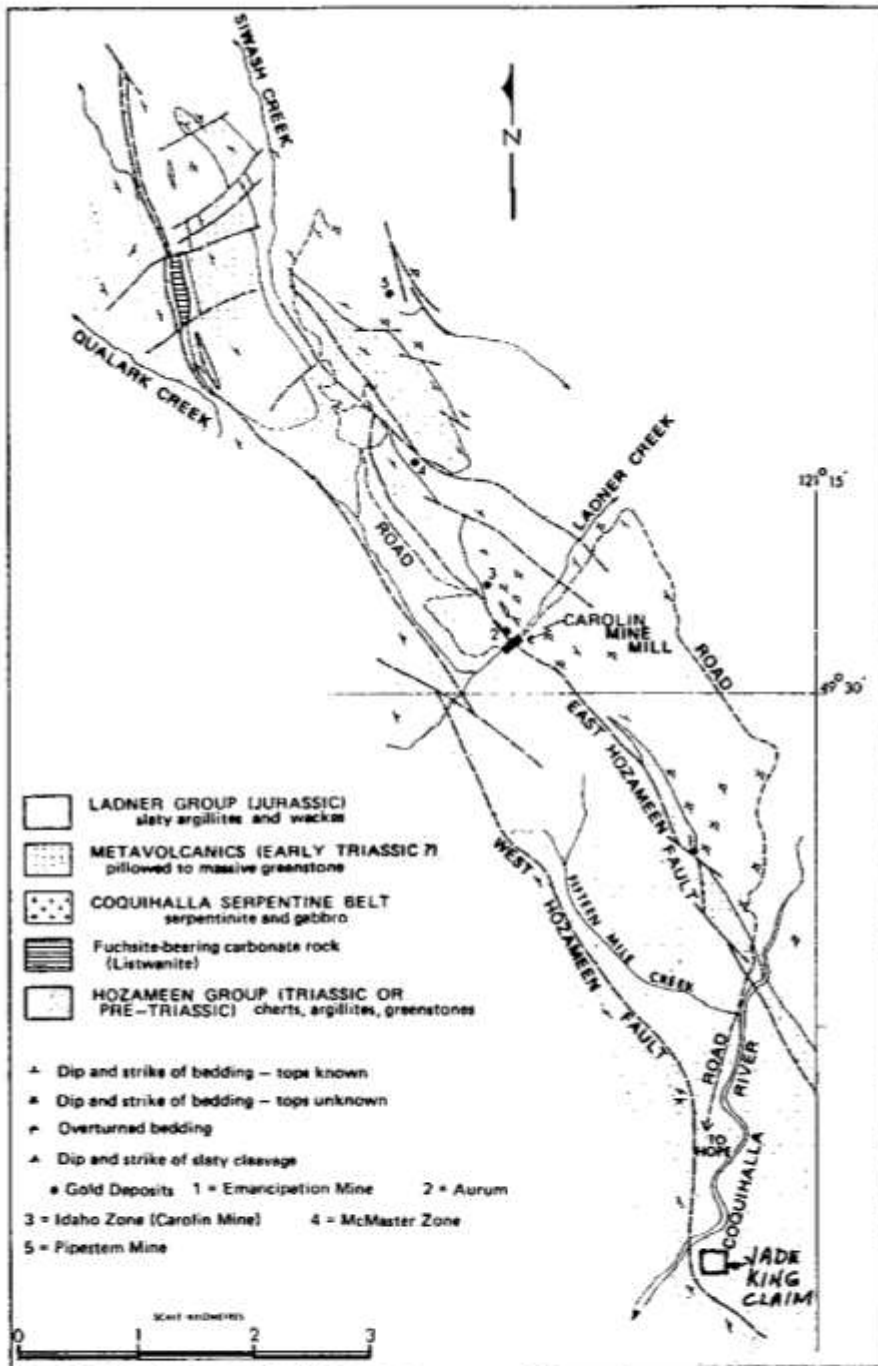
FIELD PROCEDURES and SURVEY METHODS

Previous trenching in the Jade Quarry in 1991 was completed with International 240 Excavator on tracks, contracted from Friskey Excavating Ltd. of Sardis. This hoe is slightly larger than a standard CAT 225. Initial work concentrated on the northwest corner of the known jade deposit. Later an access road was constructed up to the central portion where the effects of a horizontal fault resulted in sheared talc-soapstone and right lateral movement on the serpentinite-chert contact (West Hozameen Fault). Finally, a road was constructed up to the top of the quarry (south end) to investigate the jade-soapstone lens and also float trains of jade to the east.

The large natural serpentine exposures to the east of the Jade Quarry were trenched and about 15 tons sent by tandem dump truck to be crushed at Rosedale.

Geologic mapping was completed on a base map constructed from survey data provided by S. Nickel, B.C.LS., using a Wild T1000 transit and a Wild D11000 electronic distance meter.

Additional, fill-in measurements were made during geological mapping using a topofil belt chain and Brunton compass throughout the quarries and tied to the transit stations.



OSIRUS ENTERPRISES
 JADE KING CLAIMS
 REGIONAL GEOLOGY

FIGURE 4

GEOLOGY

Regional Geology

Geology of the Hope Area was compiled by Cairnes (1944) as Map 737A. A number of subsequent detailed studies mainly in the south and central parts of the map sheet were compiled by Monger (Monger, 1970).

Regionally, the map area contains the junction of the Coast Plutonic Complex and the Cascade Fold Belt. The easternmost part forms a segment of the Intermontane Belt. The boundary between the Cascade Fold Belt and the Intermontane Belt is defined by the easternmost major fault of the Fraser River Fault System, The Pasayten Fault. A volcanic island arc assemblage, the upper Triassic Nicola Group and sub-aerial volcanics of the lower Cretaceous Kingsvale Group dominate the Intermontane Belt.

The northwest-trending Coast Plutonic Complex is composed mainly of tonalitic (quartz diorite) plutons with lesser fault slices of an older metamorphic terrain and extends along the coast of British Columbia and into Alaska, a distance of nearly 1,700 km. The plutons have been dated as largely Cretaceous age, 70 to 140 my, but along the eastern boundary in the Hope Area they are somewhat younger. Partially superimposed on the southern Coast Plutonic Complex is the Cascade Fold Belt which consists of north-trending late Cenozoic, 16 to 60 my, volcanic and intrusive rocks within Precambrian to Mesozoic clastic sediments that extend from California into southern British Columbia (Richards and McTaggart, 1976). These relatively young intrusives are emplaced in extensively deformed Hozameen Group rocks lying southwest of the Hozameen Fault. In the eastern zone of the Fold Belt is a sedimentary trough (Methow-Pasayten Trough) with up to 9,000 m of fine to coarse clastic sediments of the Ladner, Dewdney Creek and Pasayten Groups.

The Fraser River Fault System includes at least five profound, crustal dislocations that have been the locus for extensive strike-slip and dip-slip movements plus cataclastic metamorphism. Two main graben structures form the principle elements of the northern Cascade Fold Belt. One graben extends southward between the Hope and Yale Faults to beyond the International Boundary. It contains non-marine Eocene clastics and mylonitized Custer gneiss.

The Coquihalla Gold Belt is in the other graben which lies between the Pasayten Fault on the east and the Hozameen Fault on the west. This has been referred to as the Methow Graben by Cochrane (1975). From evidence along the fold belt and from adjacent terrains, the Mesozoic rocks were folded and thrust northeastward in Late Cretaceous time after dextral transcurrent movement took place along the principal faults. Emplacement of discordant plutons, for example, the 39 my old Needle Peak body, followed extensive normal displacement on the bounding faults.

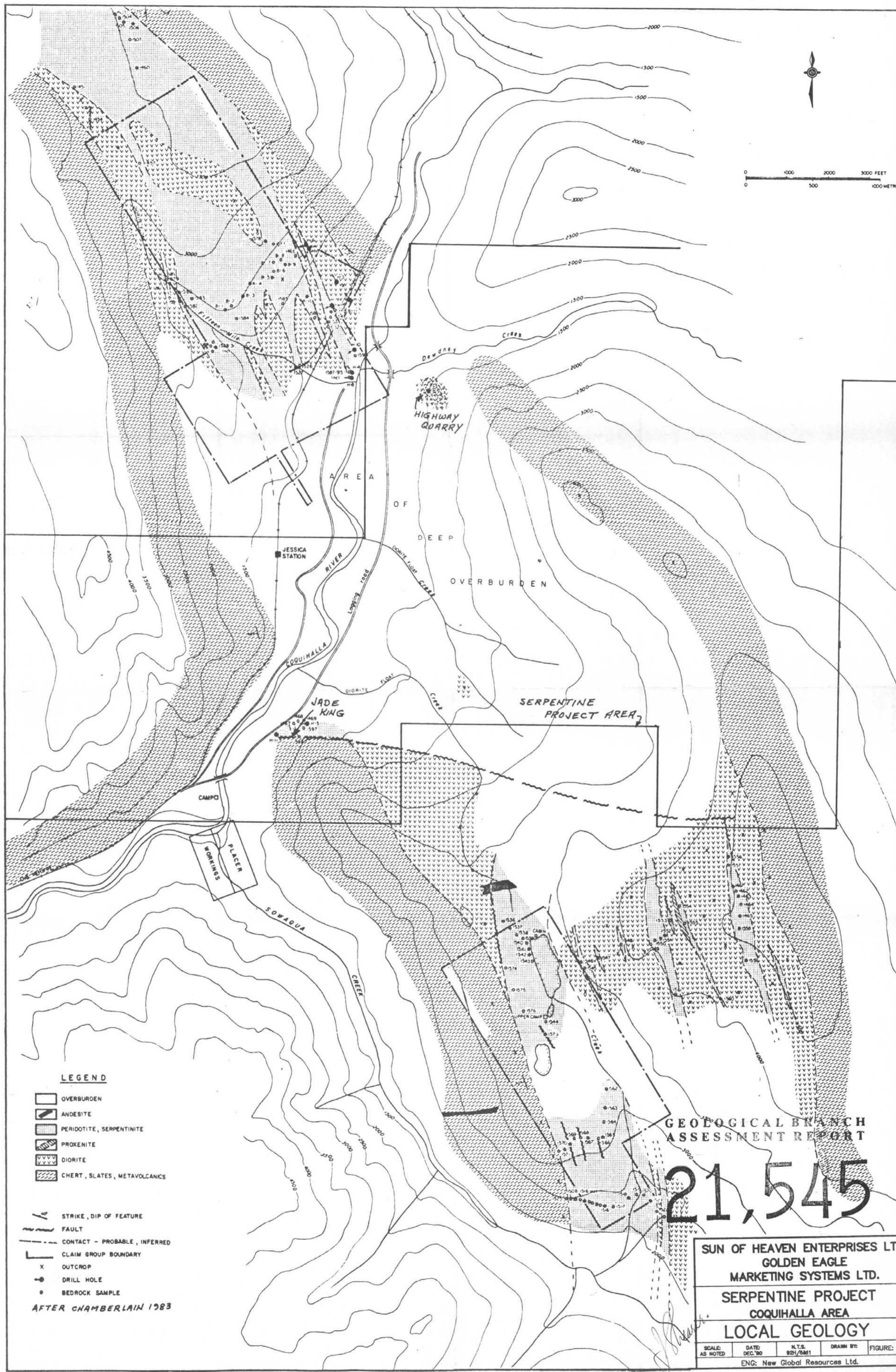
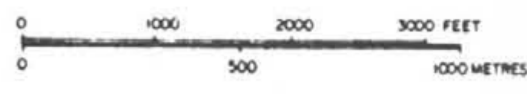
The unfossiliferous Hozameen Group is composed of altered basic volcanics, phyllite, ribbon chert and minor limestone. It is similar to and has been correlated with the Fergusson Group on the west side of the Fraser River in the Bridge River Gold Camp. The Hozameen Group contains numerous gold occurrences but no production has resulted. Monger (1977) interprets the Hozameen Group as an oceanic supracrustal sequence of Triassic or pre-Triassic age. In the Carolin mine region the Hozameen Group rocks have been subjected to lower greenschist metamorphism and strong deformation; some parts are overprinted by either a schistosity or an intense, subhorizontal mullion structure. Close to the serpentine belt, Hozameen Group rocks commonly show signs of increased deformation and crushing, minor silicification, late brittle faulting, and pronounced slickensiding. The West Hozameen fault

appears to dip steeply east, and serpentinites in the immediate vicinity contain highly sheared talcose rocks.

Regionally, serpentine is the most abundant ultramafic rock-type, and is predominant in the Coquihalla serpentine belt. In many places it shows all transitions to partly serpentinized peridotite from which it is not distinguished on the map (Cairnes, 1930). The serpentinite and serpentinized peridotite are dark green to black, massive to highly fractured with shiny fracture surfaces and locally contain lustrous pale green patches of bastite pseudomorphous after enstatite. Discontinuous veins of chrysotile asbestos are sparsely distributed throughout the rock. All gradations exist from an aggregate of bladed low-birefringent serpentine containing a mesh of magnetite grains and no primary silicate minerals, to a rock composed of anhedral olivine and subhedral to euhedral enstatite grains with minor serpentinization along fractures. Pseudomorphs after pyroxene and olivine are abundant in the Coquihalla Belt. Ray (1986) reports that unaltered olivine is rare in the Coquihalla Belt in comparison to the Petch Creek Serpentine Belt near Boston Bar. Magnetite and chromite are present in most serpentinite. Alteration of serpentinite is of four main types: talc, red-weathering carbonate-quartzmariposite rock, and talc-carbonate rock, and nephrite-white rock.

Intimately associated with serpentinite in the Coquihalla area are (1) altered basic volcanic rock and local pyroclastics that belong to the Hozameen Group and (2) gabbro and diorite of uncertain age. Thus the total amount of serpentinite in this belt appears to be greater than it is, but to differentiate all rock types present would require detailed mapping. The gabbroic and dioritic rocks are almost indistinguishable in the field from the altered volcanics and intrude the volcanics and form large dyke-like bodies in the serpentinite (Ray, 1990). The gabbroic lenses generally occupy fault-bounded, structural boudins within the serpentinite, but in some localities remnant chilled margins suggest that the gabbros intrude the serpentinite (Ray, 1986).

Ladner Group greywacke and slate of Jurassic age are host to the mineralized, sulfide-rich alteration zones at the Idaho and Pipestem Mines. Slate, interbedded with sandstone, is characteristic of the northern sections, but nearer Manning Park the group consists mainly of volcanic sandstone and pelite intercalated with flows and pyroclastics. Graded bedding, groove casts and flute casts indicate these rocks were deposited by turbidity currents. Ladner Group rocks form a northwesterly trending syncline that is best exposed in Manning Park. This syncline is progressively obscured toward the north by the Hozameen Fault and Needle Peak pluton.



LEGEND

- OVERBURDEN
- ANDESITE
- PERIDOTITE, SERPENTINITE
- PROKENITE
- DIORITE
- CHERT, SLATES, METAVOLCANICS

- STRIKE, DIP OF FEATURE
- FAULT
- CONTACT - PROBABLE, INFERRED
- CLAIM GROUP BOUNDARY
- OUTCROP
- DRILL HOLE
- BEDROCK SAMPLE

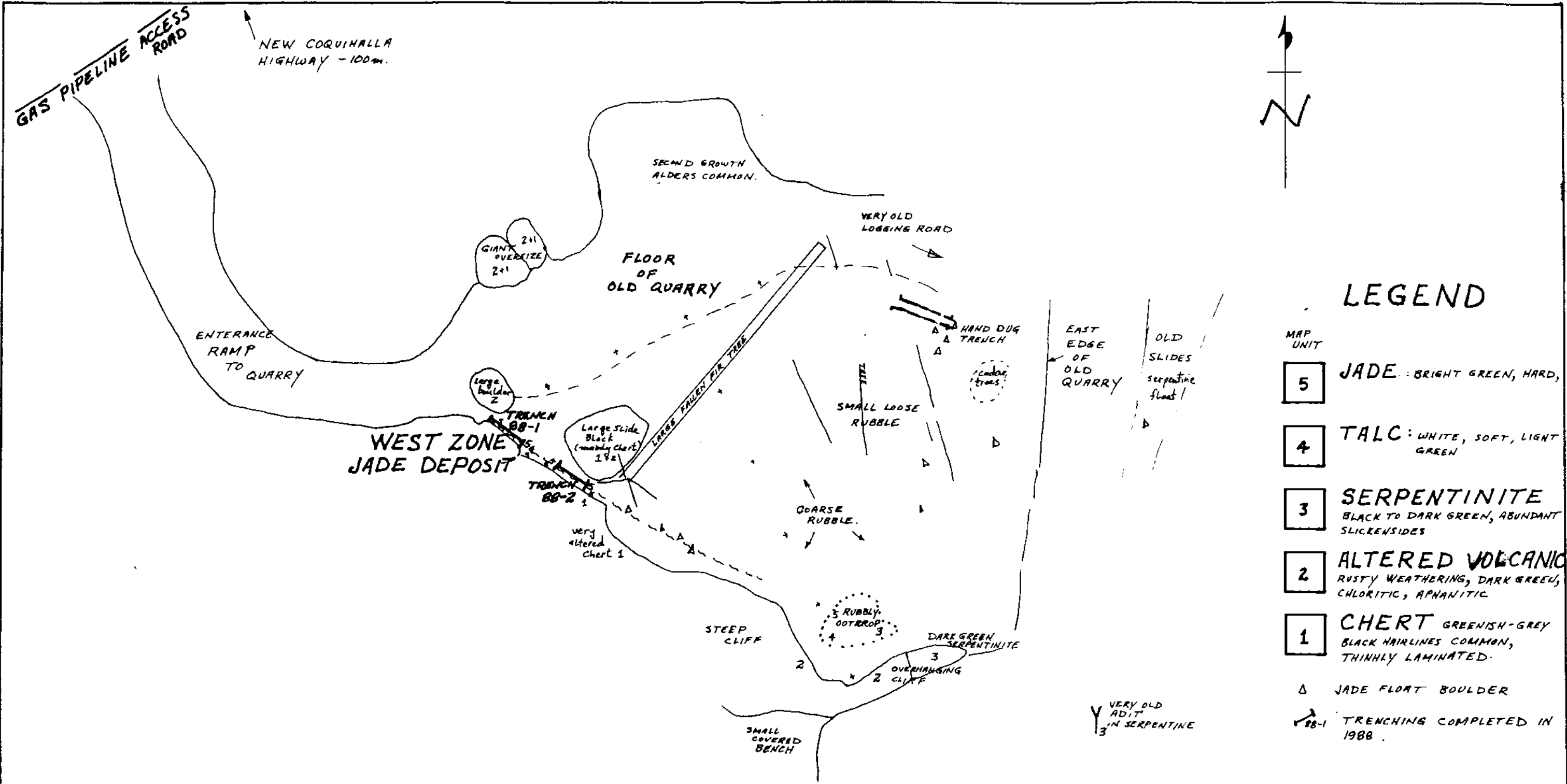
AFTER CHAMBERLAIN 1983

**GEOLOGICAL BRANCH
ASSESSMENT REPORT**

21,545

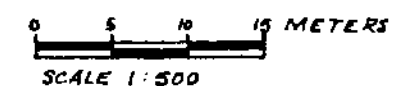
SUN OF HEAVEN ENTERPRISES LTD.
 GOLDEN EAGLE
 MARKETING SYSTEMS LTD.
 SERPENTINE PROJECT
 COQUIHALLA AREA
 LOCAL GEOLOGY

SCALE: AS NOTED DATE: DEC '90 N.T.S. DRAWN BY: FIGURE: 5
 ENG: New Global Resources Ltd.



LEGEND

- MAP UNIT
- 5 JADE: BRIGHT GREEN, HARD,
 - 4 TALC: WHITE, SOFT, LIGHT GREEN
 - 3 SERPENTINITE
BLACK TO DARK GREEN, ABUNDANT SLICKENSIDES
 - 2 ALTERED VOLCANIC
RUSTY WEATHERING, DARK GREEN, CHLORITIC, APHANITIC
 - 1 CHERT GREENISH-GREY
BLACK HAIRLINES COMMON, THINLY LAMINATED.
- △ JADE FLOAT BOULDER
- ↗ BB-1 TRENCHING COMPLETED IN 1988



J. J. Heath

OSIRUS ENTERPRISES
 JADE KING CLAIMS
 DETAIL GEOLOGY
 SCALE 1:500 **FIGURE 6**
 FIELD OUT

Local Geology

Prospecting in 2011 focussed on the upper quarry area and farther south. Mostly serpentine was observed.

Detailed geological mapping has been completed in the past (Shearer; 1991 & 1992). Available smaller scale data have been summarized on Figure 5. The known nephrite deposits on the Jade King claims are associated with the West Hozameen fault zone and lie between Hozameen Group chert-altered mafic volcanics on the west and serpentinite-soapstone on the east (Shearer, 1989A). The chert is greenish-grey to grey coloured and is laced by numerous close-spaced black hairlines. Commonly, these siliceous rocks are very thinly laminated and can be termed ribbon cherts. The altered mafic volcanics appear to be basaltic in composition. They are usually rusty weathering, very fine grained, dark green rocks.

The main serpentinite contact (West Hozameen Fault) is located within the jade layer. Typically, the serpentine is quite variable, ranging from black to dark green and is highly sheared and foliated near the contact. Cliff-forming massive outcrops occur farther to the east.

Minor, fine to medium grained dioritic intrusive occurs in the immediate footwall of the jade deposit. The chert is contorted and bleached near the serpentinite filled fault zones and commonly forms a highly lineated siliceous footwall to the jade deposit. Chert is occasionally altered to a pea-green friable material at surface.

The West Zone Nephrite Deposit on the Jade King claim can be subdivided (from west to east) into the following zones:

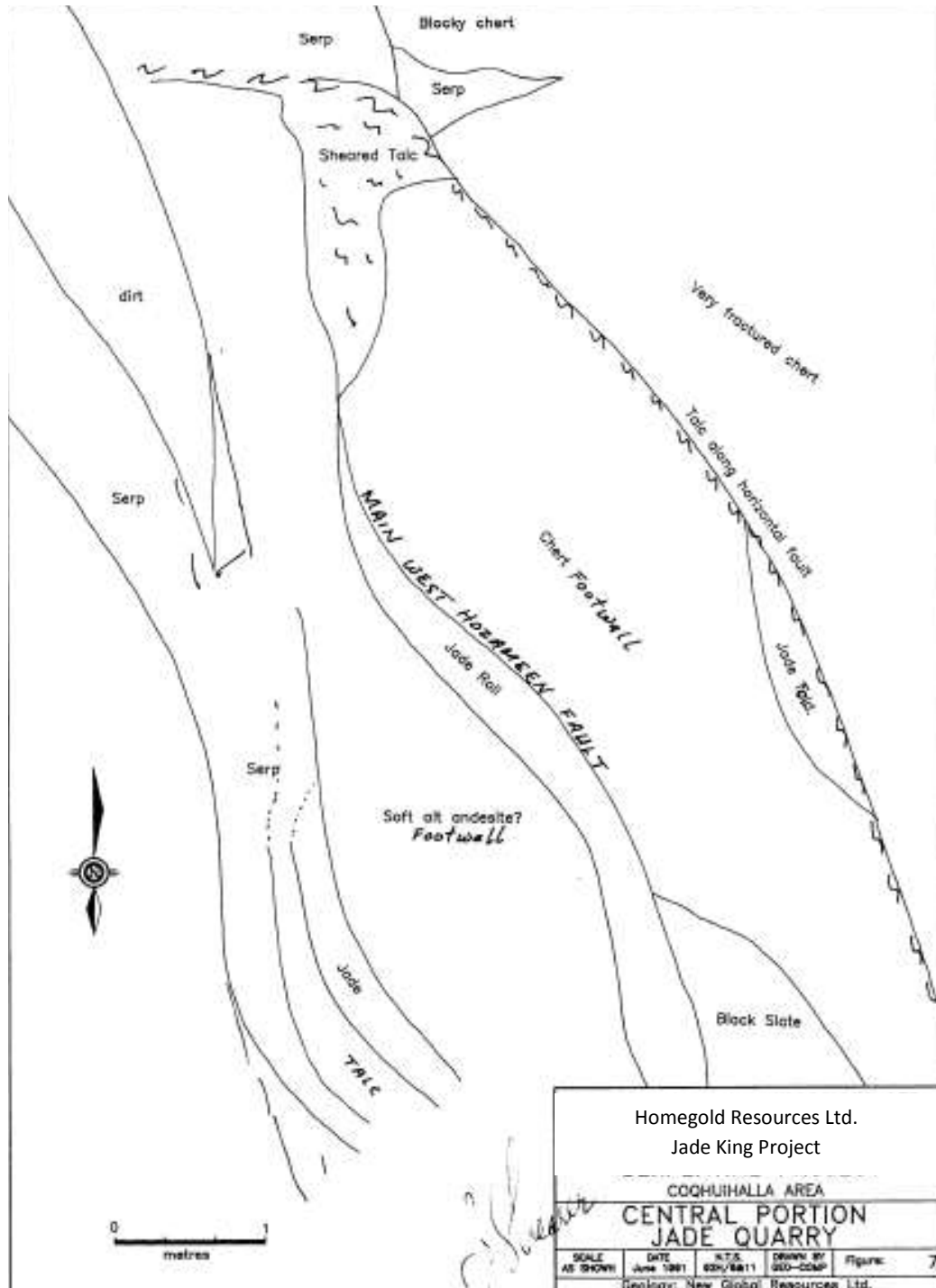
- (1) rusty chert, chloritic volcanics, black slate and altered dykes;
- (2) highly altered chert, quartz lenses and veins, minor pyrite having a pronounced banded texture;
- (3) tremolite-quartz zones (white rock);
- (4) jade (nephrite) seams, lenses and pods;
- (5) soapstone, jade-like minerals;
- (6) serpentinite, diorite, talc lenses.

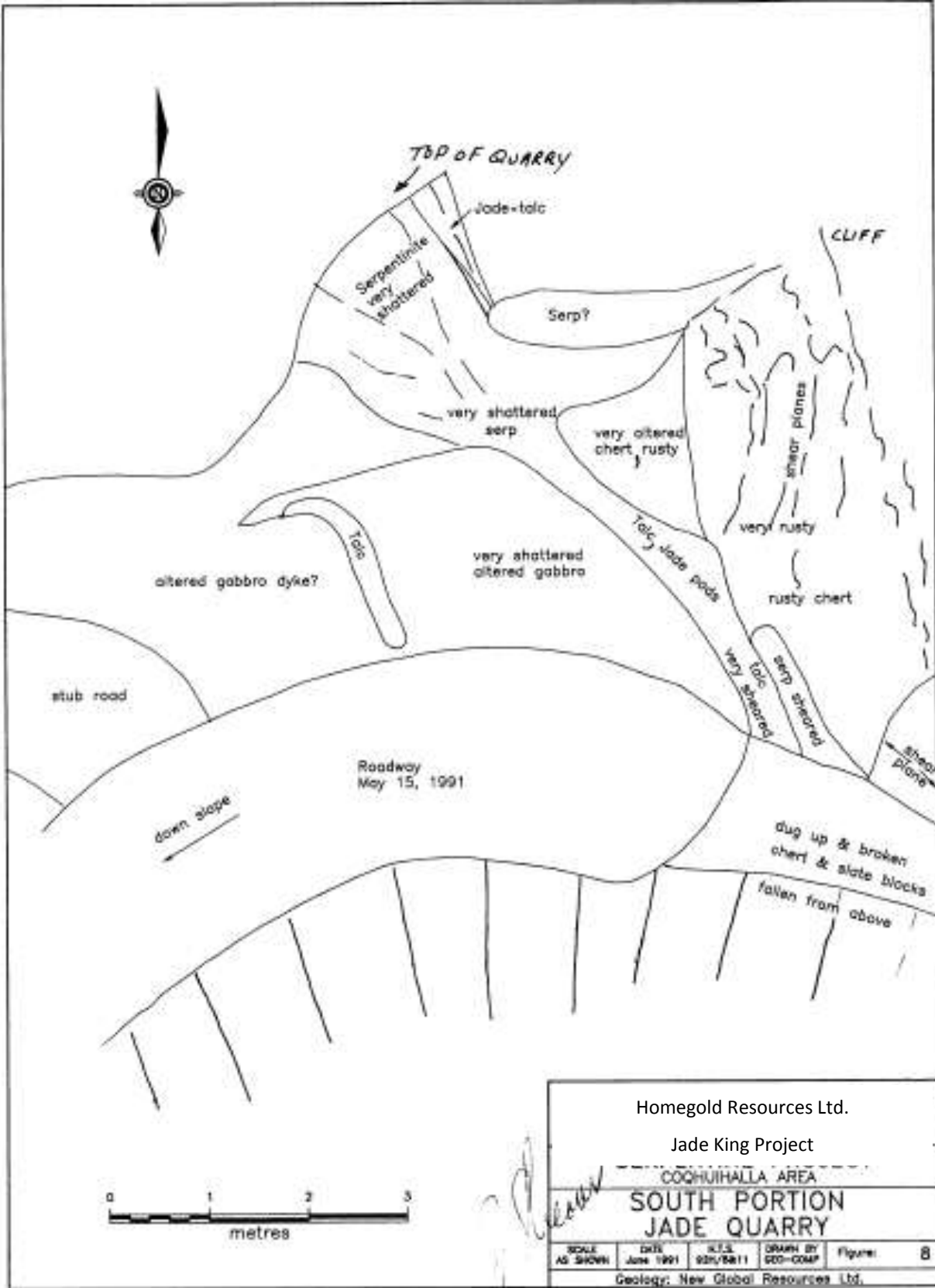
Near surface jade was initially recovered as flat plates 2 to 5 cm thick. Much of this apple-green nephrite is curved and folded. Small-scale kink folds are common in the talc-rich sections.

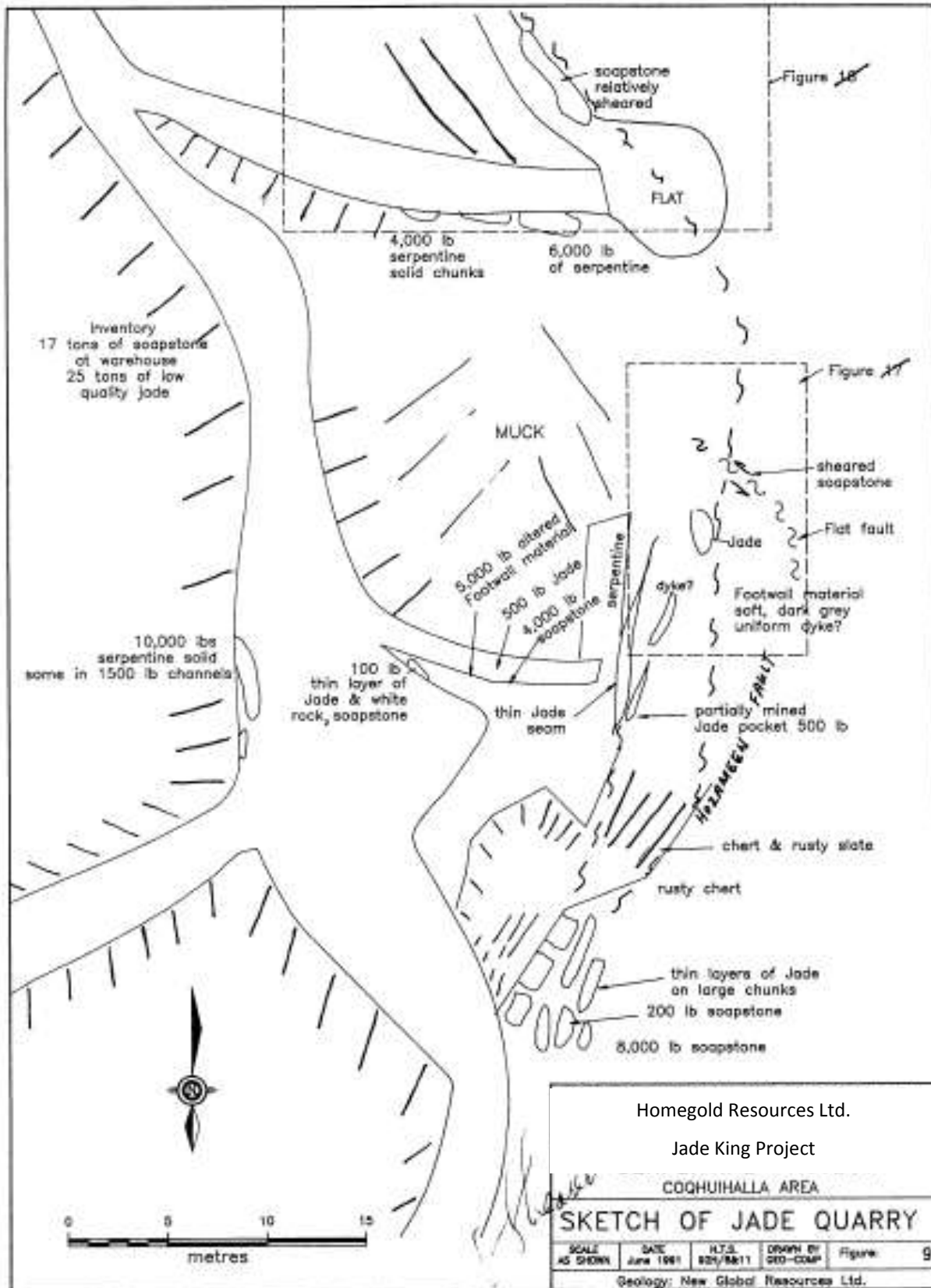
The entire West Zone pinches and swells along strike. Minimum widths appear to be approximately 5 to 10 centimetres which varies sharply over short distances up to widths exceeding 1.5 metres in the widest pods. Since jade is formed in a low temperature/high pressure environment, the slightest variation in the fault plane causes a wide variety of mineral assemblages.

In general the West Hozameen Fault dips about 75° to 80° east. However, in detail the fault "rolls" considerably and even has local west dips, Figure 7. The crests of these rolls appear to control the location of the jade lenses and can be followed in a vertical sense along the quarry wall. Some jade also appears to "flare" away from the crest of the fault roll within small fractures. Similarly, jade and talc have been remobilized along the flat cross-fault in the central portion of the quarry, Figure 9. A large lens of talc-soapstone occurs east of the fault entirely within a very altered gabbro dyke in the upper or south portion of the Jade Quarry, Figure 8.

To continue production of jade the present quarry face will need to be benched down in search of more thick pods. Alternatively, the south strike extension of the West Hozameen Fault is largely unexplored. Previous reports of old rock-saws farther up the hillside remain to be checked in detail. The fault intersects the Sowaqua Logging road at about 3.5 km and is covered at the roadside. Large exposures of serpentinite occur within 30 metres to the east and additional road cuts of serpentinite are located on the west side of Sowaqua Creek.









Prospecting Traverses:

- Red – June 5
- Green – June 6
- Grey – June 8

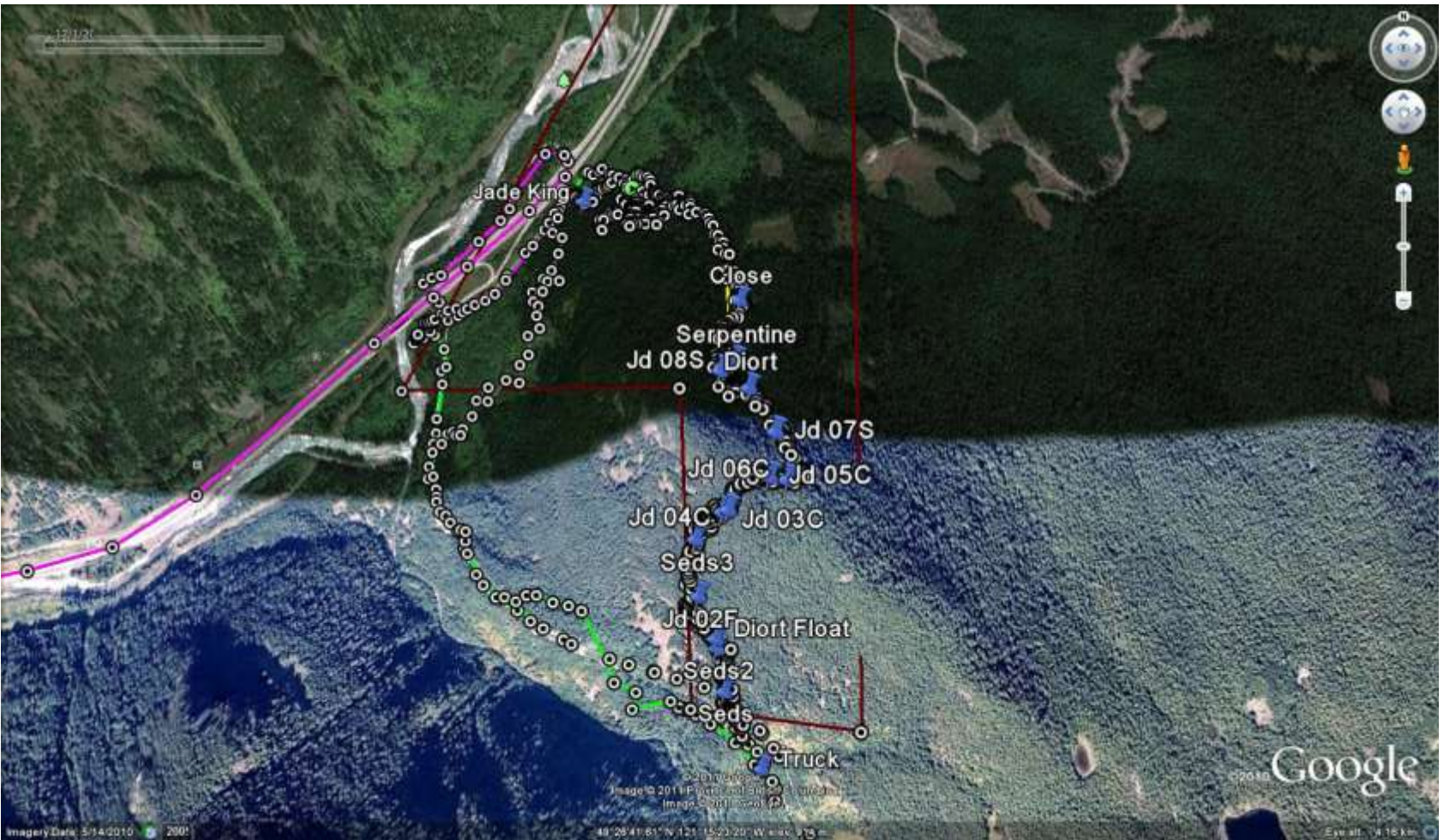


Figure 10a – Prospecting Traverses



Figure 10b – 2011 Prospecting Traverses

GEOPHYSICS

Aeromagnetic information for the Jade King Project area is available as Geophysical Series Map 8534G.

The Coquihalla Serpentine Belt is defined by a long linear magnetic high with peaks to 58,600 gammas. The Jade King claims are at the northwest end of a local magnetic anomaly. The serpentinite-gabbro complex is clearly off-set to the southeast of the Jade King claim. A right-lateral displacement of approximately 1.5 km has occurred along the Coquihalla Valley. This concentration of major faulting may have contributed to localization of the alteration zones and associated jade. The serpentinite-Jade fault zones appear to be a sub-parallel splay off the nearby Hozameen Fault.

The Ladner Group metasedimentary rocks to the east of the Jade King claim are characterized by a relatively lower and more uniform magnetic signature. The Hozameen Group cherts and mafic volcanics to the west of the Jade King claim contain numerous small magnetic highs within a relatively low background. This may reflect the presence of small gabbroic intrusions.

A detailed airborne magnetic survey was completed in 1971 over the entire Jade King Project (Crosby and Steele, 1971). The survey traverses were flown by helicopter at a nominal 200 metre line interval along lines oriented northeast-southwest at a mean terrain clearance of 90 metres. This high resolution survey is broadly comparable to the regional survey discussed above. The magnetic pattern is interrupted in several locations and probably indicates extensive lateral (east-southeasterly) trending faults. The mapped gabbro-diorite bodies appear to coincide with magnetic depressions.

INDUSTRIAL MINERAL POTENTIAL

Although the occurrence of nephrite jade has been known in British Columbia since prehistoric times, it was only after the mid-1960's that substantial production of nephrite started and was centered in the Lillooet-Bridge River and Omineca areas of British Columbia. The general characteristics of Canadian jade are well documented by Learning (1978), who defines the term as follows:

"Jade and the related terms, jadeite, chloromelanite and nephrite are variously defined in the literature. Jade is the name applied to aggregates of either of two different minerals. One, a variety of amphibole, is called nephrite; the other a variety of pyroxene is called jadeite."

Jade is commonly used as a decorative stone in small sculptures and jewellery. Locally, it is sold through rock and gem shops, jewellery stores and souvenir shops. Much of the current supply is from a few sporadic producers. Substantial quantities are exported to the Far East.

In 1991, selected jade blocks from the Jade King deposit were sawn into slabs with a diamond blade. Some of this material was excellent quality, translucent fracture-free mottled jade of jewellery grade and very few impurities, such as chromite or magnetite, were present. Large quantities of superior grade soapstone are associated with the Jade King deposit. Other possible lapidary materials such as white rock and jade-like altered footwall are also abundant.

Learning (1978) discusses the grades of nephrite jade on Page 17:

"Grade of nephrite means the degree of suitability of the material for commercial purpose. This is distinct from the classification of nephrite as set out in the preceding chapter. It is applicable only to cut blocks as normally produced during the operations of jade properties. It cannot be applied to outcrops or large boulders without extensive core drilling or sawing.

Nephrite varies widely in lapidary qualities mainly on the basis of colour, impurities, fractures and structure. The trade preference is for 'lively' green shades although jet black material is sold. The off-white, 'mutton fat' jade of some Chinese carvings is highly prized but this variety has not been found in Canada. Uniform colour is preferred to mottled or variegated colour in jewellery although for carving the latter defect is tolerated. The main impurity in most nephrite is a "mineral of the spinel group, i.e. chromite, magnetite or picotite, which form black spots and streaks and may undercut and cause pitting in the finished articles. Some nephrite may contain streaks of talc, or chlorite which are also undesirable. Chrome garnet is present in some Canadian nephrite but whether or not this is undesirable depends on the personal taste of the user. Many think that bright emerald green spots and splashes, for example material from the Cassiar Asbestos open pit, are attractive.

Fractures are a serious defect in nephrite. They are unsightly and if present in carving stone or gemstone there is a danger of breaking where the fractures are only weakly healed. A few widely spaced fractures may not be serious, but microfractures may be so closely spaced that even a small cabochon cannot be cut from the material.

Structure refers to the grain imparted by preferred orientation of the component fibre groups. These affect the way the material behaves during polishing - sawing must be in the right direction to give the best polished surfaces. The best material will be structurally isotropic, that is it will have little or no grain; the worst may be structurally anisotropic and in fact be a tremolite schist.

Commercial nephrite may be divided into a superior class, gem grade, and an inferior class, the carving grade. Lower grade gem class material merges with higher grade carving class, and the division is arbitrary. Grade C therefore includes material from which gem quality material may be cut. It should be noted that some of the properties listed under the highest grade (Grade A, Fig. 6) may persist through all the grades, but none of the properties listed under "F" may persist past the carving grade "C".

There is no generally accepted grade scale in use in the industry in British Columbia. Commonly there may be a three-fold grading using such designations as no. 1, 2, or 3, or A, B, C, and descriptive terms such as select, choice, average, may be used without any stated specifications other than vague colour designations.

In order to give some quantitative basis to the grades shown on Figure 6, the percentage scale shown below the grade scale assumes that desirable and undesirable properties are progressive. This is a gross over-simplification as both the desirable and undesirable properties may persist from one grade to the other. Thus, sound green material may be so badly fractured that it cannot be used for commercial purposes and would therefore be non-commercial."

Much of the present production of jade from the Jade King deposit was from near surface sections of the zone. No explosives were employed and the jade-soapstone naturally breaks out in 500 to 2,000 lb. chunks. Often the thin jade seam and 1 to 2 metre thickness of soapstone will be produced in a single piece.

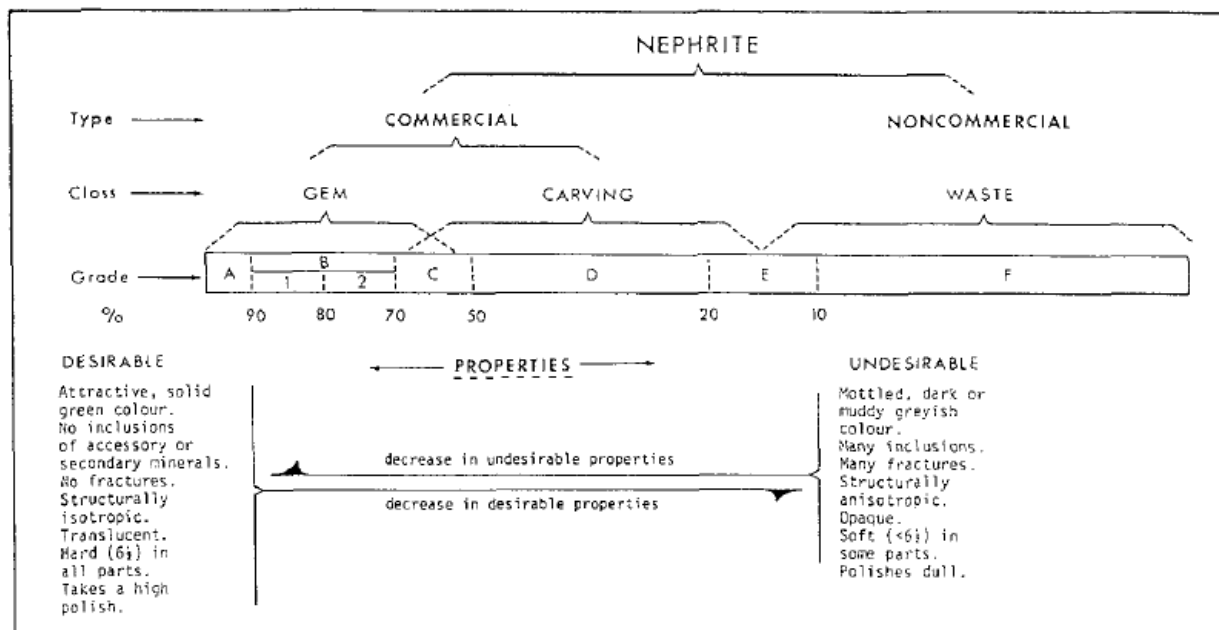


FIGURE 11
(from Learning, 1978)

In the final stages of the trenching program, a special long tooth was employed on the excavator bucket to produce larger chunks from the thinner part of the jade zone. To test the feasibility of benching down along the dip of the deposit, a series of long holes were drilled into the footwall and low strength explosives were used to break a slot in the footwall rocks. The small amount of explosives was over 2

metres from the jade seam and a careful examination revealed no microfracturing in the jade. Table 3 lists some of the stones readily available for possible sale.

TABLE 2
Stockpile List 1991 and Available Materials

	Commodity	Location	Estimated Quantity	Remarks
(1)	Jade	Hope Warehouse	5,000 lb.	closely associated with soapstone, requires sawing
(2)	Jade	Jade Quarry	3,000 lb.	separate slabs and associated with soapstone, requires sawing
(3)	Jade	Hope River Yard	50,000 lb.	mostly lower grade jade with fractures, all chunks with at least one sawn face, largest chunk 14,000 lb.
(4)	Soapstone	Hope Warehouse	35,000 lb.	mainly in large chunks, over 900 lb. each, some cut
(5)	Soapstone	Jade Quarry	35,000 lb.	large and small chunks
(6)	Carveable Serpentine	Jade Quarry	14,000 lb.	solid chunks, few fractures
(7)	Slicksided Serpentine	Jade Quarry	100 tons	considering only material & Sowaqua Road broken out and immediately at hand
(8)	Large Block Serpentine	Dewdney Quarry	100 tons	production of 20-30 ton blocks possible
(9)	Ribboned Siliceous Footwall Material	Jade Quarry	5,000 lb.	takes a good polish, attractive patterns
(10)	White Rock	Jade Quarry	2,000 lb.	associated with some of the jade pockets
(11)	Soft Altered Green Footwall	Jade Quarry	10,000 lb.	takes a good polish

A very large amount of serpentinite is available on the claims. Table 4 illustrates the normal range of marketable characteristics commonly required in the dimension stone market. In some localities, the abundance of slickensides gives the rock a natural polished face on all surfaces. In contrast, other localities can produce fracture-free blocks in the 20-30 ton range. Numerous serpentine samples were polished during the 1991 program.

Serpentine stone products are commonly included in the "marble" classification within the dimension stone market and are used mainly for interior applications. Chemical weathering of iron-rich silicates such as Olivine, pyroxene and epidote is of concern in exterior facings.

TABLE 3
Marketable Characteristics of Dimension Stone (Marble)
(after Page, 1989)

Exterior Applications

(1)	minimum density	2595 kg/m ³
(2)	maximum absorption by weight	0.75%
(3)	minimum compressive strength	52 MPa (x10 ⁶)
(4)	minimum transverses strength	7.00 MPa (x10 ⁶)

Strength depends on: mineralogy, texture, grain size foliation, cement types and presence of microfractures.

Porosity: absorbed water when frozen causes fracturing and physical deterioration. Also porosity is an indication of susceptibility to staining.

(5)	polish well	contain a minimum of flaky minerals which create pits in the polish
(6)	free from sulfides	in exterior applications will cause rusty stains
(7)	low waste factor	uniform bulk texture
(8)	low quarry development costs	accessibility and ease of Transportation

CONCLUSIONS

Prospecting in 2011 focussed on the upper quarry area and farther south. Mostly serpentine was observed.

The Jade King Project covers a belt of serpentinized ultramafic rock which appears to be suitable for the manufacture of dimension stone. Alteration products, such as talc and nephrite jade, have been investigated in the past and trial shipments of talc samples were made in 1932.

A quantity of serpentine has been removed in the past from the Dewdney Creek Rock Quarry for the Coquihalla Highway construction and maintenance. Measurements documented in this report indicate that 165,000 tons of mainly serpentine has been quarried from two principal benches at the Dewdney Creek site. Micro-fracturing due to explosives in close spaced blast holes is estimated to extend some distance into the quarry face and would need to be removed before raw blocks suitable for the dimension stone market are produced.

Accuracy of the present survey measurements and estimation of material removed used in the tonnage calculation are considered to be reliable to within $\pm 5\%$. Further transit stations could be established at reasonable cost if greater accuracy is required.

Small quantities of nephrite have been produced in the past from the Jade King locality by M. Fulbrook who held the claims since the late 1970's until 1987. Work in 1991 consisted of detail prospecting, geological mapping, backhoe trenching, slab sawing of jade and polishing selected samples.

Initial prospecting focussed on the known jade outcrops exposed in an old rock quarry north of Sowaqua Creek. Additional traverses were made above the quarry within the serpentinite complex. Several other jade boulder float-trains were discovered but their source has not yet been found. Excellent quality, translucent fracture-free, mottled jade of jewellery grade was obtained from material slabsawed to date. Few impurities, such as chromite or magnetite, are present.

The Jade King deposit, although small as presently exposed, has good potential for additional discoveries. It is the most southerly of all jade occurrences in British Columbia and has ideal access off the new Coquihalla Highway.

Further testing is required but from a preliminary analysis, serpentine suitable for the manufacture of decorative tiles appear to be present in the Project Area in very large quantities.

RECOMMENDATIONS

The Jade King jade deposit and surrounding serpentine dimension stone material are in a preliminary phase of evaluation. Although a limited amount of jade is presently exposed, the property has good potential for additional quantities of jewellery quality jade. On-going investigation is required to fully define the type of serpentine that is most attractive to the dimension stone market.

A program of geological mapping and ground magnetometer surveying is recommended for the Jade King claims. Similarly, geological mapping, base map preparation and ground magnetometer survey are recommended for selected areas on the Jade King Project claims.

Physical and polishing characteristics of the serpentine material need to be quantified in a systematic manner by the preparation of sample tiles and testing.

A cost estimate for future work is outlined in the next section. The program is subdivided into two, success-contingent phases for the Jade King Project. All phases for the claims total \$70,000.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. T. Shearer', is written over a light blue rectangular background.

J. T. Shearer, M.Sc., P.Geo. (BC & Ont.)
August 15, 2011

Phase I -Jade King Project

Geological mapping, ground magnetometer orientation survey, loading and transport of serpentine blocks, slabbing and polishing of tile products.

Wages and Benefits

Senior Geologist:	\$ 8,400
Project supervision, geological mapping, report preparation; 12 days @ \$700/ day	
Technologist:	1,500
Prospecting, site supervision; 10 days @ \$150/day	
Claim line and post checking	1,000
Loader (loading trucks, assuming quarry is in-active)	400
Truck (Coquihalla to Surrey, 2 trips)	800
Tile preparation (limited orientation studies)	6,000
Market analysis	2,500
Magnetometer orientation survey	2,000
Rock sawing and polishing (to test variation in available material)	1,000
Report preparation, drafting, word processing, reproduction	1,200
	<hr/>
	\$ 20,000

Phase 11 -Jade King Project

Contingent on favourable results in Phase 1, Phase 11 would consist of systematic ground magnetometer surveys, preparation of quarry benches and continued manufacturing of sample tiles.

Wages and Benefits	\$ 5,000
Transportation of material	4,000
Quarry costs (heavy equipment contractors)	10,000
Tile preparation	10,000
Magnetometer survey and line cutting	8,000
Marketing	10,000
Report preparation	2,000
	<hr/>
	\$ 50,000

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APPENDIX I

Statement of Qualifications

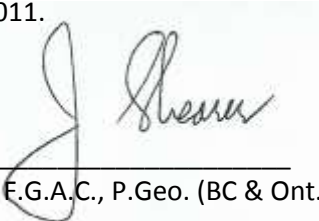
August 15, 2011

STATEMENT OF QUALIFICATIONS

I, JOHAN T. SHEARER, of 3572 Hamilton Street, in the City of Port Coquitlam, in the Province of British Columbia, do hereby certify:

1. I am a graduate of the University of British Columbia (B.Sc., 1973) in Honours Geology, and the University of London, Imperial College (M.Sc., 1977).
2. I have over 40 years of experience in exploration for base and precious metals and industrial mineral commodities in the Cordillera of Western North America with such companies as McIntyre Mines Ltd., J. C. Stephen Explorations Ltd., Carolin Mines Ltd. and TRM Engineering Ltd.
3. I am a fellow in good standing of the Geological Association of Canada (Fellow No. F439) and I am a member in good standing with the Association of Professional Engineers and Geoscientists of British Columbia (Member No. 19,279) and Ontario (Member #1877). I am also an elected Fellow of the Society of Economic Geologists (SEG) Fellow #734877.
4. I am an independent consulting geologist employed since December 1986 by Homegold Resources Ltd. Unit #5-2330 Tyner Street, Port Coquitlam, British Columbia.
5. I am the author of this report entitled "Geological and Prospecting Report on the Jade King Project" dated August 15, 2011.
6. I have visited the property on June 5, 2011. I carried out geological mapping and sample collection. I am familiar with the regional geology and geology of nearby properties. I have become familiar with the previous work conducted on the Jade King property by examining in detail the available reports, plans and sections, and have discussed previous work with persons knowledgeable of the area.
7. I own an interest in the property described herein.

Dated at Port Coquitlam, British Columbia, the 15th day of August, 2011.



J. T. Shearer, M.Sc., F.G.A.C., P.Geo. (BC & Ont.)

APPENDIX II

Statement of Costs

August 15, 2011

**Statement of Costs
Jade King 2011**

Wages	HST 12%	Total not including HST
J.T. Shearer, M.Sc., P.Geo., 1 day @ \$700/day, June 5, 2011	\$ 84.00	\$ 700.00
Ron Olynyk, Long-time Prospector 3 days @ \$350/day, June 5, 6 + 8, 2011	126.00	1,050.00
Subtotal	\$ 210.00	\$ 1,750.00
 Expenses (Refer to attached Expense sheet)		
Transportation:		
Truck 1, Fully equipped 4x4, 3 days @ \$110.00	36.00	300.00
Quad ATV, 3 days @ \$40/day	14.40	120.00
Fuel		85.00
Meals		50.00
Report Preparation	96.00	800.00
Word Processing & Reproduction	26.40	220.00
Subtotal	\$ 160.80	\$ 1,575.00
Total	\$ 370.80	\$ 3,325.00

Event #4870126
 Filed on June 9, 2011
 \$3,450
 + PAC \$1,253.80

APPENDIX III

List of Samples and Locations

August 15, 2011

List of Samples and Locations

Close	serpentine fault	10 U 626434 5478732	608 m
Diort		10 U 626462 5478476	848 m
Diort Float		10 U 626387 5477788	705 m
Jade King		10 U 625951 5479050	338 m
Jd 01F	float	10 U 626425 5477549	701 m
Jd 02F	float	10 U 626339 5477910	739 m
Jd 03C	chip	10 U 626399 5478149	909 m
Jd 04C	chip	10 U 626413 5478156	928 m
Jd 05C	chip	10 U 626517 5478244	950 m
Jd 06C	chip	10 U 626564 5478237	943 m
Jd 07S	soil	10 U 626532 5478360	877 m
Jd 08S	soil	10 U 626383 5478522	797 m
Seds		10 U 626415 5477618	686 m
Seds2		10 U 626391 5477757	698 m
Seds3		10 U 626328 5478069	854 m
Serpentine		10 U 626423 5478552	776 m
Truck		10 U 626529 5477379	569 m